

## Leading By Example. How to Institute CSR by Building Social Capital.

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Juan Minetti, SA was founded in 1930 in the city of Córdoba. Today, Grupo Minetti has Argentina's second-largest production capacity of cement and concrete. The Minetti Foundation was created in 1987 to support programs that facilitate the self-help development of individuals and their organizations, and to improve the standard of living of low-income populations. Since then, it has donated cement for community construction projects, provided training and other resources to unemployed workers and community organizations, and promoted social responsibility among other Argentine corporations.

### Minetti

Between 1997 and 2002 the Inter-American Foundation committed US\$ 361,300 to the Minetti Foundation. Counterpart funding from Minetti amounted to US\$ 346,100 for this particular program.

\*The scope of the Minetti Foundation's activities goes beyond IAF funded projects.

The Minetti Foundation is considered a leader in CSR. It is a member of Argentina's prestigious Group of Foundations that includes Bunge and Born Foundation, YPF Foundation, Telefónica Foundation, Bank Boston Foundation, MAPFRE Foundation, Navarro Viola Foundation, the Kellogg Foundation, the C&A Institute and the ARCOR Foundation.

As a result of its partnership with the Inter-American Foundation (IAF), the Minetti Foundation is now playing an even larger role than funding grants in the community. It is an example to Argentine corporations looking to improve their social responsibility programs. When a large company that donates far more than the Minetti Foundation found its production and transportation disrupted by social protests, it came to Minetti for help. According to Andrea Schettini, Minetti Foundation Program Coordinator, "representatives of this company came to us, asking in part, 'How do you do so much with so little?'"

### **Building Bridges.**

Between 1997 and 2001, the Minetti Foundation and the IAF contributed \$285,000 each to create the "Building Bridges Fund", which provided grants to 28 community organizations in the province of Córdoba. While the focus of this fund was primarily informal education, the guiding principle was that of building *relationship capital* – for Grupo Minetti and for the grant recipients. As a result, there were 28 grant recipients. More impressive, however, is that there were nearly 250 participating organizations that mobilized a total of \$884,000 in cash and in-kind resources which was 150% more than the actual financing awarded through the Building Bridges grants.

As a result of the track record established by "Building Bridges," in 2001 the Minetti Foundation leveraged \$120,000 from Spain-based Telefónica Foundation to complement

its \$170,000 for a technical assistance fund for community organizations, housed at the Business School at Córdoba's Catholic University. In 2002, US-based Hispanics in Philanthropy matched that \$290,000 dollar for dollar.

As part of its continuing leadership, the Minetti Foundation also held a workshop for several businesses in the province of Buenos Aires. The majority agreed on the benefits of adopting the Minetti Foundation's philosophy and methodology, i.e. shifting from simple donations to financing projects that strengthen local organizations. Already, five companies have joined forces to support a local educational project and plan to provide monitoring and other follow-up. According to Ms. Schettini, "the Argentine crisis has caused our work to be in high demand by other corporations. Many have the desire to help, but no methodology."

### **Building Bridges Improves the Minetti Foundation's Stature and Effectiveness.**

The IAF's value added in this partnership has been the transfer of its Grassroots Development Framework tool for measuring project results. According to Schettini, "We now have results information that goes beyond the numbers of beneficiaries and training hours." Minetti and its grantees now know exactly how many project beneficiaries have increased skills and practices in areas ranging from reading and writing to improved diet and nutrition to new income-generating activities. The lessons learned from "Building Bridges" has improved the effectiveness of virtually all of the Foundation's programs.

Every successful businessperson knows that relationship capital is as important as financial capital. Furthermore, positive corporate image, visibility and a loyal work force are key to the remaining competitive in ever-tight markets. While the Minetti Foundation was created to "do good" in the community, these are examples of the returns it has produced, especially from creating its first grant-making fund, "Building Bridges".

### **When a Small Grant Transforms an Entire Community.**

Like Grupo Minetti, the Minetti Foundation knows how to take calculated risks that yield high returns on a small investment. For example, "Building Bridges" provided a grant of 15,000 pesos to La Merced Housing and Service Cooperative in a semi-rural community both impoverished and isolated – physically, economically, socially and culturally. Both adults and children suffered high rates of illiteracy because the written word was virtually absent: no street signs, no sign indicating the name of the school, and worse, no books.

With support from "Building Bridges," a group of concerned parents, educators and social workers initiated a program of educational support for at-risk students that evolved into an ongoing, youth-led project involving 80 children. Youth involved in "The Kids Place" tutor their younger peers and develop other extra-curricular activities that help both groups stay in school – and succeed there. A follow-up grant was made to the organization that emerged from the project, Protagonism for Community Activities (PROCOM).

After just three years, the transformation is unmistakable. Today, two 12-year-old librarians hunch over a notebook, writing slowly and carefully as they sign books in and out of a community children's library. The "Kid's" community center is covered with

colorful posters listing the group's objectives and achievements, and each cubby and pencil holder is carefully labeled with a handwritten sign. Furthermore, visitors are given a copy of *Little Workers*, the youth's literary magazine filled with their own stories and poems.

According to project coordinator Adriana Alanis, "More than just the money, it was the encouragement that we received in our visits from the Minetti Foundation, the training, and the opportunity to learn from other groups, such as how to start our library, step-by-step. The money is important, but the other is just as critical." One of the most dramatic project results is that the community has come together to make it sustainable. "There are many urgent needs in this community, even hunger, so we've begun producing food. If we secure outside help, we will be able to respond more quickly. If not, we will still succeed, just more slowly. But the commitment and protagonism are there. That's what's new."

With support from "Building Bridges," PROCOM published a small book that details their experience with this project. As a result, La Merced is often showcased as a model for community development—and has received unsolicited donations for their work. According to Ms. Alanis, "One woman who read the book called to say she wanted to help but wanted anonymity. So twice a week we go by and the manager of her apartment building hands us what we need to provide nutritional snacks to the children at 'The Kid's Place.'" Others provide scholarships for the students. Support from "Building Bridges" has also given other grantee organizations the experience and track record that has allowed them to mobilize public and private resources, local and nationally.

### **Lessons Learned:**

- Money is a small part of the equation. According to Andrea Schettini, "One of the lessons Grupo Minetti gained from this experience is that money is only one component of the success of our donations. By adding a small investment in training and the moral and technical support we provide on monitoring visits, our grants have transformed entire communities and improved the lives of thousands of children and families."
- It is eminently possible to measure the qualitative and quantitative results of social investments. According to Ms. Schettini, "Many businesses have expressed concern that it is impossible to learn the results of one's investments. We know the contrary is true."
- Financing incipient community groups yields high returns with little overhead. "By deciding to trust carefully selected community organizations to receive grants rather than designing and implementing our own programs, we have been able to benefit tens of thousands of individuals while maintaining a stable staff of only two employees."
- It is perfectly feasible to create a first-time small projects fund—the methodology is there. "The Inter-American Foundation provided the Minetti Foundation with the

necessary tools and methods, as well as the wisdom and advice based on their 30 years of experience in making grants to grassroots groups. With the IAF's assistance, we learned from scratch how to administer this fund, and it has enhanced all areas of our work."

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